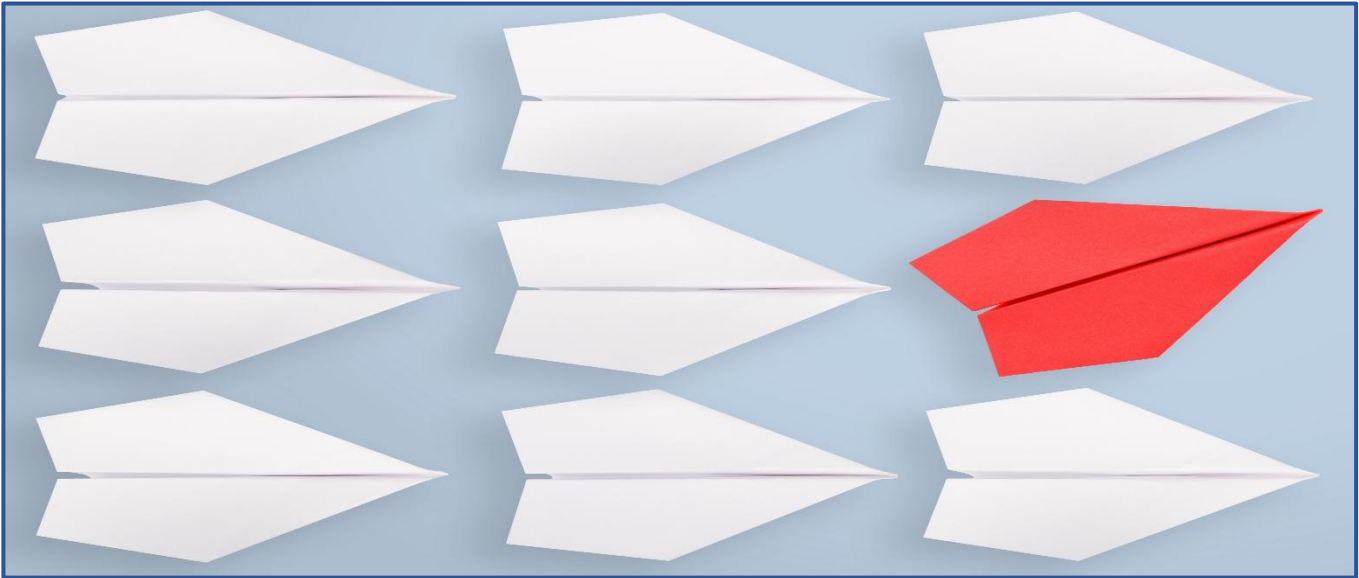


NEWS ALERT

8 October 2026



EPFO enhances statutory wage ceiling to INR 25,000 and clarifies implementations through FAQs.

The Ministry of Labour & Employment, vide notification dated 17 September 2026, increased the statutory wage ceiling for mandatory Employees' Provident Fund Organisation ('EPFO') coverage from INR 15,000 to INR 25,000 per month effective from the date of the notification. The revision expands the coverage framework under the Employees' Provident Fund ('EPF'), Employees' Pension Scheme ('EPS') and Employees' Deposit Linked Insurance Scheme ('EDLI') and is estimated to bring more than 5.1 million additional employees within mandatory EPFO coverage.

Following the notification, the EPFO issued detailed FAQs to address practical and transitional issues arising from the revised ceiling. The FAQs provide clarifications on employee coverage and enrolment, impact on CTC, take-home pay and the manner of

reporting contributions for the transition period. Some of the key clarifications issued by EPFO are summarized below:

1. Expanded mandatory coverage

- With effect from 17 September 2026, the statutory wage ceiling for mandatory EPFO coverage has been increased from INR 15,000 to INR 25,000 per month. Consequently, employees with applicable PF wages of up to INR 25,000 per month are brought within the expanded mandatory coverage of EPF, EPS and EDLI, with coverage being determined based on the statutory definition of wages rather than gross salary or CTC.
- Existing employees who were EPF members but excluded from EPS and

whose wages fall within the revised ceiling are required to be enrolled under EPS from 17 September 2026. No separate application is required from such employees and the responsibility for enrolment and commencement of compliance rests with the employer.

2. Contribution and transitional requirements for September 2026

- Given the mid-month implementation, contributions for September 2026 are required to be calculated separately from 1 September to 16 September 2026 based on the earlier ceiling of INR 15,000 and 17 September to 30 September 2026 based on the revised ceiling of INR 25,000, as applicable. However, employers are required to file a single Electronic Challan-cum-Return (ECR) for September 2026.
- Where the additional employee contribution arising from the revised ceiling could not be recovered through the September payroll for newly eligible employees, recovery may be deferred to the next payroll cycle without prior approval. However, the full employee and employer contribution for the September 2026 must still be reported and remitted within the prescribed timeline.

3. Impact on CTC and take-home pay

- The FAQs clarify that CTC is not a statutory concept for determining PF liability and that employer and employee

contributions are legally distinct. The higher contribution base may result in increased employee PF deductions and a corresponding reduction in take-home pay.

4. Key implications for employers

- The employers should identify newly covered employees and existing members whose contributions were restricted to the earlier INR 15,000 ceiling, review EPS membership of affected employees, and update payroll and HR systems for the revised requirements. Employers should also correctly apportion September 2026 contributions, review contractor compliance where applicable and maintain an appropriate audit trail of the calculations and changes made.

JMP Insights - The revised wage ceiling significantly expands mandatory social-security coverage. This may result in higher PF deductions and reduced take-home pay for employees brought within the revised threshold, while contributing towards higher retirement savings.

Should you wish to discuss any of the above issues in detail or understand the applicability to your specific situation, please feel free to reach out to us on coe@jmpadvisors.in.

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